

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1045-01
Bill No.: SB 251
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
Department
Type: Original
Date: February 20, 2015

Bill Summary: This proposal allows students to enroll in another school district or charter school for purposes of attending virtual courses or programs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue*	\$0	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

* Oversight assumes this proposal would not have a fiscal impact unless the foundation formula is fully funded. DESE was not able to provide Oversight of an estimate of when the foundation formula is to be fully funded. §162.1250 would add \$9,503,050 to \$95,073,417 additional dollars to the formula from kids attending virtual schools.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume there is an unknown potential for increase to the state when the formula is fully funded and if there are a number of students who start taking virtual courses and who haven't been enrolled in public schools previously. This bill does not include any clause that would require a student to have previous enrollment in the district.

The potential cost could be estimated as follows: There are 74,613 private school students whose schools have voluntarily registered their numbers with DESE. There are also 6,895 home school students that school districts have reported to DESE on Screen 15 of Core Data. The sum of these two groups is 81,508. Because there is the potential for some of these students, who have not been enrolled in public schools, to now be enrolled in virtual school because the tuition is going to be paid by the local school district it is appropriate to calculate an estimated cost to the state.

According to the bill, virtual nonresident student's district of residence will pay the provider of the virtual education 72.5% of the previous year's statewide average current expenditure per average daily attendance. The average for 2013-14 was \$10,000, thus the costs would be \$7,250 per pupil. \$6,131 (State Adequacy Target) would be the amount that the state would incur once the formula is funded per pupil. Until the formula is funded, this amount would decrease the share of funds for all districts and charter schools. MoVIP is averaging a cost of \$4,000 per pupil for full-time enrollment, but this proposal is giving the charter school \$3,250 additional dollars per pupil.

The legislation puts a cap of 1.75% of the total number of public and charter school students. The bill fails to indicate if this is Pre-K thru 12 or K-12 enrollment. K-12 enrollment in Missouri this year is 886,105. (1.75% of 886,105) which calculates a potential of 15,507 students. If only 10% of the proposed number were students who haven't been enrolled in public school, the cost would be $1,550 * \$6,131 = \$9,503,050$ additional dollars added to the formula when the formula is fully funded. Not knowing what the actual percentage would be of nonpublic students selecting the virtual school, if all 15,507 students were formerly nonpublic, the cost would be $(15,507 * \$6,131 = \$95,073,417)$ additional dollars added to the formula when the formula is fully funded.

Oversight notes that DESE and the Office of Administration's Division of Budget and Planning were not able to provide Oversight with a projection of when the foundation formula may be fully funded. This proposal would not have a fiscal impact until such time as the formula is fully funded. Therefore, Oversight is not able to determine any fiscal impact.

ASSUMPTION (continued)

Officials at the **Carondelet Leadership Academy, Malta Bend Schools, Missouri State University, State Fair Community College, State Technical College of Missouri, University of Central Missouri** and the **University of Missouri** each assume there is no fiscal impact to their respective organizations from this proposal.

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Cole R-I Schools, Columbia Public Schools, Everton R-III School District, Fair Grove Schools, Fulton Public School, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kansas City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Macon School, Mexico Public Schools, Monroe City R-I Schools, Nixa Public Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Riverview Gardens School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, Spickard School District, Springfield School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District and Waynesville Public School did not respond to **Oversight's** request for fiscal impact.

Officials at the KIPP Endeavor Academy of Kansas City did not respond to **Oversight's** request for fiscal impact.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Metropolitan Community College, Moberly Area Community College, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, St. Charles Community College, St. Louis Community College, Three Rivers Community College and the Truman State University did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2016
(10 Mo.)

FY 2017

FY 2018

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

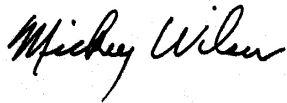
This act allows students to enroll in a school district other than their school district of residence or a charter school for the purpose of attending virtual courses or programs. Admission must be based on the time of submission of an application. School districts or charter schools must give a preference to a sibling of students who are already enrolled. In addition, a student who enrolls in another school district or charter school for attendance in a virtual program may remain enrolled until completion of all grade levels offered or until withdrawal. For purposes of state school aid, the student will be included in the average daily attendance of his or her school district of residence. The school district of residence must pay the district or charter school providing the virtual education an amount equal to seventy-two and one half percent of the previous year's statewide average current expenditure per average daily attendance but not to exceed the school district's current expenditure per average daily attendance, provided that the total amount paid by any district shall not exceed the total amount of state aid due to a district from the foundation formula, the Classroom Trust Fund, and Prop C funds. School districts and charter schools are prohibited from enrolling any student who would cause the amount paid by the student's district of residence to exceed the aggregate amount allowed. School districts and charter schools are prohibited from enrolling or admitting students in excess of 1.75% of the total number of public and charter school students enrolled in Missouri.

Any institution of higher education with its primary campus located in Missouri with an approved teacher education program may sponsor virtual charter schools. Virtual charter schools are subject to all charter school laws. They may only offer instruction in a virtual setting using technology, intranet and internet methods of communication.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Carondelet Leadership Academy
Malta Bend Schools
Missouri State University
State Fair Community College
State Technical College of Missouri
University of Central Missouri
University of Missouri

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 20, 2015

Ross Strobe
Assistant Director
February 20, 2015